



CITY OF RENTON

Mayor
Kathy Keolker

October 23, 2006

2007 Budget – Moving Renton Forward

Citizens of Renton, and
Honorable Renton City Councilmembers:

I am honored to appear before you today as Mayor of our wonderful city of Renton. We all know it as “the center of opportunity in the Puget Sound Region – where businesses and families thrive.” I am pleased to present to you a balanced budget for 2007, which accelerates the momentum we’ve worked to achieve, and **moves us forward** to even greater success.

A budget is not just about balancing the city’s checkbook. Not only does it reflect the values and priorities of those who formulate and approve it, the budget should also reflect the values and priorities of our community.

Earlier this year, I asked the City Council for your budget priorities. You responded by indicating your top priorities and asked that the 2007 budget do the following:

- Uphold the excellent levels of services we provide, while we continue to grow through development and annexations.
- Provide resources to develop an effective approach to emergency preparedness and disaster management.
- Focus on our downtown and ensure it continues to thrive as the “heart” of Renton.
- Encourage citywide development—particularly The Landing.
- Emphasize safety in our downtown and in our neighborhoods.
- Take care of our community and fund our human service needs.

I also asked a group of our employees to provide input on the budget and city priorities. They take pride in the service they provide, but are concerned that their ability to do so in the future may be hampered by being stretched too thin.

During 2006, we’ve kept track of comments, concerns, and suggestions from local business leaders and people who live in our neighborhoods. They want a thriving business climate with opportunities for growing their customer base and clean, safe neighborhoods.

With our proposed 2007 budget, you will see that we have worked hard to address these priorities and needs. The proposed budget also implements needed improvements in capital projects and general operations. It does so while keeping property tax increases to one percent and adds new construction and annexations to the tax base.

HIGHLIGHTS OF THE 2007 BUDGET

The 2007 budget totals \$210,861,478. Of that total, \$58,572,956 represents our capital budgets for 2007, which is 62% more than last year.

I am also projecting that in 2007 we will have an ending balance of our general government fund of approximately \$1 million more than our policy target. This will position us well for 2008.

While these numbers represent an ambitious capital improvement plan, they also signify a responsible approach so that we can continue to provide the high quality services Renton residents have grown to expect.

The 2007 budget anticipates sales tax revenues to grow by 5% over 2006 actual receipts. I believe this is a reasonable estimate, especially when we compare it to the nearly 11% growth in 2006 sales tax revenues over 2005.

This unprecedented growth is no accident. We have worked hard to create a vibrant economy in Renton. We've seen continued economic development and a revitalization of our downtown. We've created a climate for job growth and economic opportunities that benefit the entire community. We are moving Renton forward.

I am recommending a modest increase in our utility rates to pay for maintenance and needed capital improvements. The budget also calls for minor increases in certain user fees to ensure that our residents receive the quality services they expect.

I am further recommending the use of prior year budget savings of just over \$400,000 to fund one-time investments in city programs such as replacement of fire fighting equipment and purchase of vehicles to support the needs of additional staff.

Before addressing the specifics of how the 2007 budget will move Renton forward, it is important to briefly consider the significant successes and progress we achieved in 2006.

2006 ACCOMPLISHMENTS

Promoting Citywide Economic Development

- In August, we celebrated the groundbreaking for The Landing. The Landing will change the way Renton is perceived and will be a catalyst for future development in our community.

- Providence Health Systems made Renton their home with offices in the Southgate Office Park.
- IKEA completed an addition of 36,000 square feet of retail space, making the Renton IKEA the largest single-story IKEA store in the world and the highest grossing IKEA store in North America.
- The Federal Reserve commenced construction on its state-of-the art cash processing facility.
- The Seattle Seahawks' announced plans to move their headquarters and training facilities to Renton.
- Conner Homes broke ground on their 20-acre luxury lakefront residential development just south of the Seahawks site.
- We will soon be rolling out the red carpet as we launch our very own DVD showcasing Renton as the "Center of Opportunity."

And the list goes on!

Revitalizing Our Neighborhoods and Communities

- We tentatively secured a \$1.2 million Federal transportation grant for the Sam Chastain Waterfront Trail and we are well on our way to securing the nearly \$5 million required to complete this trail. We are leveraging every Renton dollar with nearly ten dollars of grant money.
- We're constructing a new 10-acre neighborhood park in the Highlands.
- From tree plantings to Clean and Green Saturdays to Clean Sweep Renton, we're working to keep our city beautiful and protect our environment.
- In Community Services alone, we have over 1,700 volunteers contributing the equivalent of over \$370,000 worth of services. We have achieved unprecedented success in our volunteer programs and our neighborhood outreach efforts.

And the list goes on!

Managing our Infrastructure and Planning for Growth

- We have been working diligently with regional agencies to promote Renton projects and get them funded. In 2007, construction will begin on \$300 million in improvements to the I-405 and SR 169 corridors through Renton.
- We made major improvements to the intersection of Duvall Ave. NE and Sunset Blvd. NE. We have also obtained a \$4.7 million grant for the SW 27th/Strander Blvd. project.
- We opened the new Maplewood Water Treatment Facility to provide high quality drinking water and meet our future water needs.
- We obtained an improvement in the city's credit rating - this reduces costs when we borrow money for these important projects.

And the list goes on!

Contributing to the Livability of our Community

Critically important to the city of Renton and our quality of life are public safety services. In 2006, we took several steps to strengthen our law enforcement efforts:

- We implemented our RENSTAT program, which utilizes computer statistics to focus police where they are needed most.
- We have strengthened REACT (Renton Enhanced Abatement and Code Enforcement Team) to include a weekly "hot list" that identifies and resolves the top ten concerns. REACT's multi-departmental approach addresses community problems through non-traditional methods.
- We implemented E-police, an online web-based police reporting system. Since we started testing this in May 2006, we have already saved over 150 hours of commissioned police officers' time.
- We participated in a weeklong, intensive session of emergency management training at the FEMA training center in Emmitsburg, Maryland, to better prepare us for emergencies.

And the list goes on!

MOVING RENTON FORWARD

We have done well but we have much more to accomplish. This budget is not filled with new initiatives but instead focuses on shoring up our foundation and continuing to deliver the top quality services our citizens and businesses expect and deserve. This wasn't made any easier by several mandatory cost increases we also had to address.

The good news is that we have increased revenue, and along with our ongoing commitment to increasing our efficiency, that offers us some options. Fortunately, our growth allows us to pay for some unavoidable, significant increases in basic costs and still provide the services that are critical to our quality of life.

Mandatory Cost Increases

The most significant impact to our mandatory costs was the change in retirement system contributions established by the State of Washington. Most cities in Washington are part of the statewide Public Employees Retirement System and pay into that system at rates set by the State. The State has adjusted its funding and, as a consequence, contributions to the retirement system will increase by an average of 44.5% in 2007, or an increase of over \$635,000 of general government contributions alone. This is anticipated to continue in 2008 with another 44% increase, resulting in an increase over two years of just over \$1.8 million.

We've worked hard to conserve energy. We are converting our standard traffic signal lamps to energy saving light emitting diodes (LED) that use less electricity, and we've purchased high

efficiency pumps to reduce power bills by 20% in 2006. Despite these measures, our energy costs are rising. The city's energy bill is estimated to increase by \$95,000 in 2007.

Mandatory cost increases in the Police Department include an increase of \$176,627 to the emergency communications system operated by Valley Comm. Additionally, the overtime benefits budget increased by \$142,560 due to the retirement system rate increase.

The Fire Department also saw mandatory cost increases including retirement system costs on the overtime budget of the department and the Valley Comm increases. These mandatory costs totaled \$62,000.

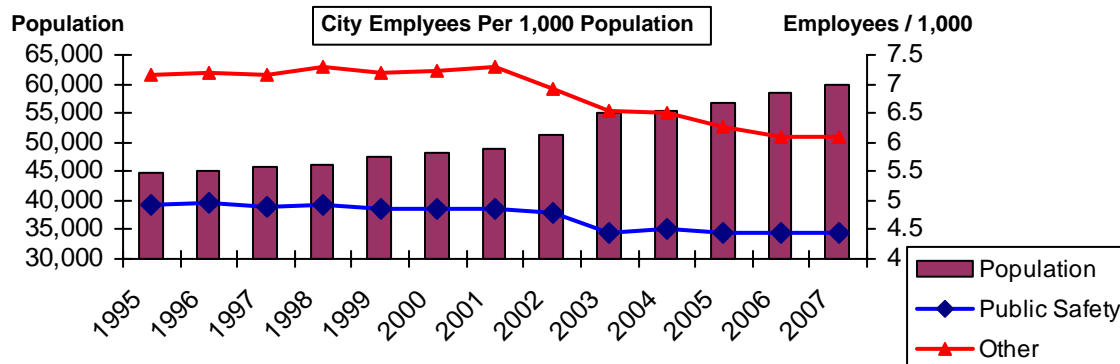
Overall, approximately 11% of the increase to our operating budget is the result of mandatory costs increases.

Maintaining Service Levels

While we have seen our population grow over the past several years, partly due to small annexations and new construction, the ratio of employees per thousand has declined since 2001.

We have focused on efficiency and we've worked very hard to stretch every dollar. But we've reached the point where we can't continue to provide good service unless we add more people. Our employees work hard to maintain our quality of life here in Renton and they are proud of what they are able to accomplish. But they told us and the Council told us that we're stretched too thin and need to add some resources so we are proposing to do that.

The chart below illustrates a couple of key points.



Additional Staff Resources

Overall, this budget recommends adding six public safety employees – four in our Police Department and two in our Fire Department. It also recommends adding 12 employees in other areas of the city for a total increase of 18 employees, or an increase of just over 2% above our current number.

For public safety, this includes two additional police officers mid-year, two jail transport officers, one emergency management coordinator, and one administrative support staff member for the Fire Department.

To maintain our basic services, we propose a street maintenance worker, a construction inspector, a parks worker, a librarian, and workers for water maintenance and surface water maintenance. For our solid waste programs, our budget includes a half-time position to keep our "Clean Sweep" and other programs viable. For the upcoming CIP projects we are including a two-year limited term project manager in our Community Services Department.

To ensure that we provide the best and most efficient services possible, we are adding one analyst and one administrative support staff person in our Human Resources Department, one additional staff support position for growing Information Systems needs, and one half-time records specialist in the City Clerk's office. In Finance, we are adding an investment analyst. If this employee improves investment returns by half a percentage point, it will result in a net increase in revenue of \$80,000.

Please refer to your budget documents for the specific changes and the needs they address.

In addition to the positions previously mentioned, there are several other key additions to the budget that address service levels.

The legal budget will receive an additional \$20,000 to assist with costs associated with the REACT nuisance abatement program.

The HR & Risk Management budget includes an additional \$15,000 to offset increased costs of recruitment such as advertising.

In addition, funds are provided to hire public defense in those cases where a conflict of interest exists.

We are also including improvements to the financial systems used by the city to standardize and streamline processes. The software upgrades that will enable these changes will cost \$35,909.

Finally, the State mandates that the city conduct a door-to-door census to determine the population of each area the city annexes. Due to the large annexations anticipated to become effective in 2007 and the loss of a part-time employee the city had used for past census operations, this budget includes \$75,000 to conduct this work.

Moving Forward with Public Safety

I mentioned earlier that it is important that we keep our community safe. In addition to the police officers, jail transport, and emergency management positions identified above, this budget includes initiatives that will leverage our resources in several ways.

We plan to train one or two volunteers in 2007 to help with the enforcement of the disabled parking spaces. We anticipate that the revenues this will generate will be sufficient to add a vehicle that program volunteers can use. It will also help ensure that these spaces are reserved for those who truly need them.

The Police Department will be billing employers the full cost of “off-duty” employment for those private events where a police officer is requested.

The department will address safety concerns by pursuing a traffic enforcement system to monitor drivers running red lights at intersections. This system is successfully being used in many communities and has no financial risk to the City.

Earlier this year, Chief Milosevich implemented the Special Operations Division by combining the current Bicycle Patrol Officers with our REACT officers. This group, consisting of two sergeants and 12 officers, will eventually be housed within the Downtown Parking Garage precinct office, and will be responsible for pro-active response to law enforcement issues citywide. We will also continue to divert our school resource officers to the downtown Transit Center before and after school as needed.

Moving Forward to Create Livability

Our aquatic programs continue to attract national attention. In 2006, 4,700 more people visited the Henry Moses Aquatic Center than in 2005, and gross revenues increased by \$79,000.

In 2006, we added funds to provide night lighting for the Henry Moses Aquatic Center. The 2007 budget proposes adding resources for our aquatic programs to increase our hours of operation. While we expect some additional fees to be generated, there will be a net budget impact of \$66,200.

As you know, I co-chaired the King County Healthy Families Task Force. This group defined unmet needs for human services countywide. Renton is known as a regional leader in many areas and I believe we need to increase our support for those less fortunate. Therefore, I am proposing an increase of \$157,000 to our Human Services grants. This amount will fund all the projects recommended in 2007 by our Human Services Advisory Committee. This additional funding puts us back in line with the 1% for Human Services funding target we set several years ago. We will also be receiving an additional \$11,683 in housing repair assistance from the federal government, which we are adding to the budget.

Moving Forward to Promote Economic Growth and Neighborhood Revitalization

Downtown Renton is the heart of our city. By making the right investments for downtown we are laying a solid foundation for its future enhancement and vitality. As The Landing emerges to the north, it is even more essential that we do something to create a stronger identity for our downtown and encourage shoppers and visitors to explore all that Downtown Renton has to offer.

The budget includes funds to provide gateway and “way-finding” signage for downtown. It also provides for a study of ways to effectively connect the downtown to The Landing, Southport, and Coulon Park, initially, and in the future to the Sounder commuter rail station at Longacres and possibly north to Port Quendall. This study will explore the feasibility of various options, including enhancement of an intra-city shuttle bus or development of some other form of transit technology. The total available for these efforts is \$300,000, funded from our general governmental CIP.

We have identified funds that are needed to assist with the planning efforts associated with the large pending annexations. However, money for the more significant land-use planning and infrastructure needs assessments is expected to come from an agreement with King County. As the agreement is not complete, the budget does not include these funds. Should King County agree to fund these efforts, we will bring them to the Council as an amendment to the budget.

Moving Forward to Complete Major Capital Projects

This budget includes a nearly \$22 million increase in capital improvement projects from 2006. We are in the middle of the most ambitious transportation CIP ever implemented in this city, as well as some significant parks, facilities, and utilities projects.

Please refer to your budget documents for the specific projects and budgets. Major highlights of CIP projects include:

Transportation - large projects such as the SW 27th Street Connection to Strander Blvd., South Lake Washington roadway improvements, widening Duvall Ave NE, and multi-modal transit improvements on Hardie Ave SW.

Airport – precision approach to make our airport safer in all weather conditions, one building demolition, completing the new north and south entrances to the airfield.

General Governmental - the Sam Chastian Waterfront Trail and the Springbrook Creek Wetland Mitigation Bank Trail, CIP projects for major parks and facilities maintenance, Information Services capital projects to increase our efficiency and keep us technologically competitive.

Utilities - the new Hazen 565 Zone reservoir and treatment facility, intertie connections, water and sewer main rehabilitation and replacements, emergency power facilities, lift station replacement and rehabilitation, water treatment facility in Kenndale, Springbrook Creek improvements, and drainage and emergency storm projects.

This impressive list totals nearly \$58.6 million. Moving forward to complete these projects will further provide the infrastructure Renton needs to continue our progress toward becoming “. . . the center of opportunity in the Puget Sound Region – where businesses and families can thrive.”

TO SUMMARIZE

We faced many challenges in developing this budget. Initially we felt we would be hard pressed to address the many needs our thriving city is facing. However, I am convinced that our finances are sound enough to move forward with these recommendations—both operating and capital. Councilmembers, employees, business leaders and citizens have all expressed similar thoughts about what we need to do to keep our city livable. It is time to make the necessary changes to our budget to ensure that we continue our momentum in meeting our business plan goals and objectives.

I want to thank the City Council for your advice and guidance. I want to thank our hardworking city staff for their efforts in helping develop an ambitious budget plan for 2007. I want to thank the community for continuing to offer ideas about how to make Renton even better. I know it will be another successful year of accomplishments as we work together to implement all the ideas that this budget represents.

Sincerely,

A handwritten signature in black ink that reads "Kathy Keolker". The script is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kathy Keolker
Mayor

City of Renton, Washington 2007 Operating Budget Highlights

General Government

The City Council amended its Financial Management Policies in September 2006. One change was to combine the budgeting and reporting for the activities that are largely supported by taxes into "General Government."

Revenues

General Government revenues performed strongly in 2006, which lead to a change in the forecasting method for 2007. Rather than base the 2007 estimates for the major revenues on the 2006 forecast, we instead used an estimate of the actual collections in 2006 as a base. The 2006 budget estimated the major revenues to grow by 2.84% over 2005 actual collections. This is in large part due to using the 2005 estimates to base the original 2006 budget forecast. The table below illustrates the budget and actual revenue collections for each of these years.

	2005 Budget	2005 Actual	2006 Budget	2006 Estimate	% Change	2007 Estimate
Sales Tax	18,792,600	18,692,911	19,503,252	20,221,572	3.68%	21,198,335
Utility Tax	9,599,800	9,585,293	9,895,036	10,730,549	8.44%	11,184,080
Gambling Tax	2,005,000	2,305,120	2,305,000	2,083,680	-9.60%	2,088,680

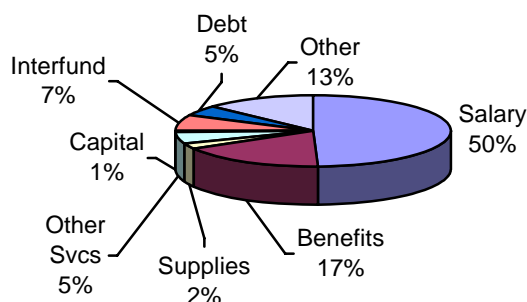
The net effect is an estimated \$1.5 million increase to fund balance as a result of 2006 activity and increased revenue estimates for 2007. More information about the 2007 revenue estimates can be found in the revenue summary section of the budget.

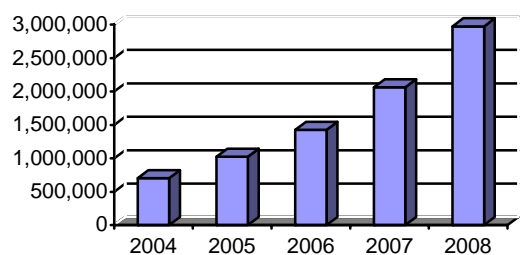
Expenditures

Compensation Wages

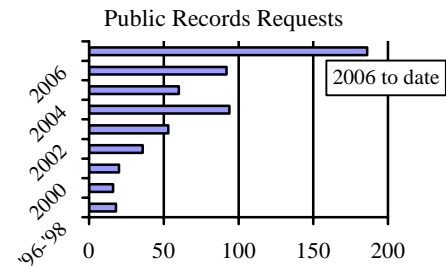
All bargaining units of the City are in the second year of three-year contracts during 2007. A cost of living adjustment (COLA) of 3% is included in each of the contracts and used for non-represented employees as well. We developed the

compensation budget forecasts using the forecast module of the financial system. This enabled more specific estimates to be developed. These included changes in employee step progression (and related pay rates), changes in longevity pay and other changes. As a result, the overall change in wages for the 2007 budget (compared to the 2006 budget) was 2.14%.



Benefits	<p>The most significant benefits change was the change in the mandatory retirement system</p>												
<p>Retirement System</p>	<p>contributions established by the State of Washington. The cities in Washington are part of the statewide retirement system (with few exceptions) and therefore pay into that system at rates set by the State. The State has adjusted these rates based on its ability to pay on behalf of state employees. With the recent improvement in the economy, the State is able to increase contributions to the fund and this changes the rates for all of us mandated to participate in the fund. As a consequence, contributions to the retirement system will increase by an average of 44.5% in 2007 or over \$635,000 increase in General Government alone. This is anticipated to continue in 2008 with another 44% increase resulting in an increase over two years of just over \$1.8 million.</p> <div data-bbox="836 262 1356 577"> <p>Total Retirement Contributions</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Total Retirement Contributions</th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>~800,000</td> </tr> <tr> <td>2005</td> <td>~1,100,000</td> </tr> <tr> <td>2006</td> <td>~1,500,000</td> </tr> <tr> <td>2007</td> <td>~2,100,000</td> </tr> <tr> <td>2008</td> <td>~2,900,000</td> </tr> </tbody> </table> </div>	Year	Total Retirement Contributions	2004	~800,000	2005	~1,100,000	2006	~1,500,000	2007	~2,100,000	2008	~2,900,000
Year	Total Retirement Contributions												
2004	~800,000												
2005	~1,100,000												
2006	~1,500,000												
2007	~2,100,000												
2008	~2,900,000												
Health insurance	<p>The cost of employee health insurance typically also increases each year. In 2007, we anticipate a rate increase of 10%. The change in budget will be less, as a result of using the financial system to budget more accurately will result in actual costs in 2007 projected to be 6.14% above 2006 budget.</p>												
<p>Departments</p>	<p>The General Government budget is composed of numerous departments providing services to the community and internal services to other City departments. We will highlight the major changes for General Government departments in this section. More information about the departments' core services, accomplishments, goals, and service measures can be found later in this budget.</p>												
<div data-bbox="217 1333 446 1417" style="border: 1px solid black; padding: 2px; display: inline-block;"> <p>AJLS .5 FTE</p> </div>													
Legislative	<p>There are no significant changes to the Legislative budget in 2007.</p>												
Executive	<p>The 2007 budget includes \$15,000 to conduct a citizen survey during the year.</p>												
Judicial	<p>The Municipal Court budget includes a few minor changes. The State of Washington established compensation standards for judges. This budget adjusts the judge's compensation slightly (\$ 2,308) to conform to these standards. As a result, the City will be reimbursed by the State for a net gain to our budget of more than \$22,000 each year.</p>												
Public Defender	<p>In addition, funds are provided to hire public defense in those cases where a conflict of interest exists.</p>												

Legal	<p>The legal budget will receive an additional \$20,000 to assist with costs associated with the REACT nuisance abatement program.</p>
City Clerk .5 FTE <div data-bbox="215 506 444 552" style="border: 1px solid black; padding: 2px; text-align: center;">EDNSP</div>	<p>The City Clerk's office will receive a half-time Records Clerk to assist with increasing workloads for record requests and other duties.</p> <p>The Economic Development, Neighborhoods and Strategic Planning Department requested funds to assist in the planning efforts associated with large pending annexations. The State mandates that a door-to-door census</p>
Annexation Efforts	<p>be conducted after each annexation. Due to the number and size of annexations in the pipeline for 2007, this budget includes \$75,000 for assistance with this important work.</p> <p>Money for the more significant land use and infrastructure planning efforts in the Potential Annexation Areas is to come from an agreement with King County. As the agreement is not complete, the budget does not include these funds. Should King County agree to fund these efforts, we will bring them to the Council as an amendment to the budget.</p>
Downtown Corridor Connection	<p>Another initiative of the department is the continued enhancement of Renton's downtown area. The budget includes funds to plan, design and construct "way-finding" and gateway signage for the Downtown. This will encourage people visiting the Landing and other parts of the City to also explore the City's historic retail core. The budget also provides funding for a study of ways to effectively connect the Downtown to The Landing, Southport and Coulon Park, initially, and future connections to the Sounder Commuter Rail station at Longacres and to Port Quendall. The study will analyze the feasibility and costs associated with some type of enhanced local shuttle bus system, or some other mode of transportation. The total available for these combined efforts is \$300,000.</p>
<div data-bbox="215 1430 444 1556" style="border: 1px solid black; padding: 2px; text-align: center;">Fire Department 2 FTEs</div>	<p>The Fire Department budget addresses numerous needs.</p>
Mandatory Costs	<p>The mandatory costs within this department include the effect of the increases in retirement system costs on the overtime budget of the department. In addition, the emergency communications agency, "Valley Com" passed through increases. These mandatory costs totaled \$62,000.</p>
Emergency Management 1 FTE	<p>Emergency management was an important priority that is being met in the 2007 budget. The department will hire an additional employee to serve as "Emergency Management Coordinator." This coordinator will also require some additional resources as well with a first year budget totaling \$183,442.</p>



Administration 1 FTE	<p>Another priority of the department is additional administrative support. The department felt that the addition of an administrative support position would be the best way to improve its overall effectiveness at this point.</p>
<div>Community Services</div> <div>2 FTEs</div>	<p>The Community Services Department has numerous mandatory increases in the 2007 budget. They include:</p> <ul style="list-style-type: none"> ▪ Funding shift for block grant funding - \$10,771 ▪ Required environmental safety needs - \$25,400 ▪ Increased rail line crossing fees - \$3,270 ▪ Effect of retirement increase for seasonal employees - \$45,300
Mandatory Costs	
Library 1 FTE	<p>The 2007 budget addresses level of service concerns in several areas as well. Staff at the Renton Library was reduced by one employee in 2005. This has begun to impact service to the extent that a potential reduction in hours would be necessary. The 2007 budget restores this staff position. In addition, collection of past due fines at the library will be strengthened with a potential positive impact on the overall budget. (No increase in fine revenues is included in our forecasts yet.)</p>
Human Services	<p>The Human Services grants would be increased by an amount of \$157,000, which will help to fund recommended grant projects from the process conducted in 2006. This meets the City's goal of at least one-percent of its budget being dedicated to meeting the human service needs in our community.</p> <p>In addition, we will receive an additional \$11,683 in housing repair assistance from the federal government that we are adding to the budget.</p>
Administration	<p>Additional part time hours are included in the Administration budget (in the amount of \$10,764).</p>
Community Resources	<p>The 2007 budget reflects an assignment of community events from the Mayor's office to Community Services. The total amount of funds being transferred (from various budgets) is \$90,898, but an additional \$3,178 is needed to fully fund these efforts. This is included in the budget.</p> <p>Security needs at Renton Community Center of \$6,400 are also included in the 2007 budget.</p>
Parks 1 FTE	<p>To address level of service needs in the parks maintenance area, including the upkeep of the City's newest park, we are adding one parks maintenance worker and associated costs (for a total of \$100,511). This position will also assist with the volunteer program.</p>

<p>Aquatics Hours</p>	<p>The Henry Moses Aquatic Center received new lighting in 2006. We are proposing adding program hours to this facility in 2007. We expect some additional fees to be generated with a net budget impact of \$66,200 for our pool and other City aquatics programs.</p>
<p>Senior Center</p>	<p>We are proposing a modest increase in funding for the Senior Center Health Screenings program.</p> <p>We have several programs that will be offset by revenues or other funding sources including: concessions, support for boards and commissions, holiday lights and Veterans Memorial Park.</p>
<p>Non-capital projects</p>	<p>Lastly, a few projects are included in the operating budget. They are an upgrade to the computer software we use for class registration and the addition of a two-year limited term employee to manage the capital construction program. Recall that we eliminated a similar position in 2005.</p>
<p>FIS 1 FTE</p>	<p>The Finance and Information Services Department (FIS) now accounts for the Information Services element in an internal service fund (Fund 503).</p>
<p>Investment Program 1 FTE</p>	<p>Finance added an employee to coordinate the investment program and to conduct internal audits of City accounts and activity. It is anticipated that if this employee improves investment returns by ½ percentage point, it will result in a <u>net</u> increase in the budget of \$80,000. No estimate has been developed of the potential savings from internal audits.</p>
<p>System Improvements</p>	<p>Other changes to the Finance budget include improvements to the financial systems used by the City. A project in 2006 resulted in the recommendation to standardize the use of the financial system and streamline processes. The software upgrades that will enable these changes will cost \$35,909 and are included in the budget.</p>
<p>Human Resources & Risk Management 2 FTEs</p>	<p>We anticipated that employee turnover would decline when we eliminated a position in 2005. Instead, it has increased as a result of retirements and of new positions. To address this “level of service” issue a personnel analyst is being added in 2007.</p>
<p>Personnel Analyst 1 FTE</p>	<p>In addition, the department sees significant walk-in traffic and does not have administrative support help to assist these and other needs. A top priority to make others in the department more efficient in their tasks is to add an administrative assistant. This is also included in the 2007 budget.</p>
<p>Administrative Assistant 1 FTE</p>	<p>The HR & RM budget also includes an additional \$15,000 to offset increased costs of recruitment such as newspaper and other advertisements.</p>

PBPW 2 FTEs

Street Maint.
1 FTE

Construction
Inspector
1 FTE

Supplies

Energy

Police 4 FTEs

Mandatory
Costs

Jail Transport
2 FTEs

Patrol Officers
2 FTEs

Disabled
Parking
Enforcement

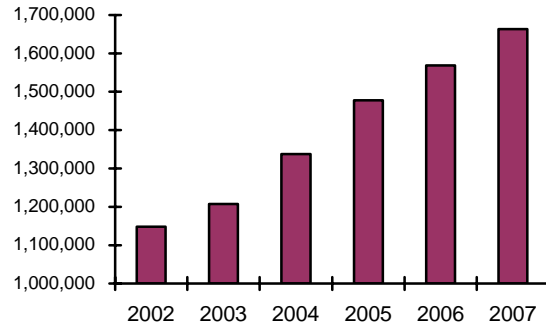
Off-duty
security

Changes in “Planning, Building and Public Works” include the addition of a street maintenance worker and a construction inspector to address level of service issues. This adds \$76,584 and \$94,275 to the budget respectively. We have also added a vehicle for the inspector.

Other changes to the PBPW budget include an increase in the street maintenance supplies in the amount of \$26,000. This will help keep the quantity of supplies used constant while prices increase.

The energy bill of the City has increased over the years (as it has for all of us). The chart to the right shows the trend and the estimate for 2007 (an increase of \$95,000).

General Government Energy Costs



The Police Department also has numerous changes to the 2007 budget. The mandatory cost increases include an

increase to the emergency communications system (operated by Valley Com) in the amount of \$176,627. This increase of 18% over last year was higher than usual due to an increasing percentage of the calls handled by Valley Com being related to Renton Police. The increase in the retirement system rates also resulted in a need to increase the overtime benefits budget by \$142,560; just to keep pace with the same number of hours budgeted for 2006.

Level of service challenges exists in the Police Department as well. These are exacerbated by the difficult time in hiring and training officers. This budget addresses this in two ways. First, the department will add two jail transport officers. They will be able to transport prisoners, freeing police officers from this task. Secondly, the budget adds two additional officers mid-year.

Enforcement of the disabled parking permit spaces is on a complaint basis currently. By adding a vehicle that can be used by volunteers, the department will proactively enforce parking in the marked disabled parking spaces.

Two programs proposed in the department with revenues that offset the costs are also included in the 2007 budget. The first accounts for off-duty police officers for private events in exchange for reimbursement for their full costs.

Traffic enforcement service	<p>Secondly, the Department will pursue a traffic enforcement system to improve safety by monitor running red lights in intersections. This system is in use in a growing number of communities with good success. The process is to contract with a firm that provides the equipment for a share of the fine revenue generated from the infractions. There will be no financial risk to the City and the system will address the problem of vehicles not respecting the red traffic lights.</p>
Debt Service	<p>The City issued bonds to finance construction of traffic improvements in the Southwest Lake Washington project. The first year's debt service is provided for by capitalizing the interest and including this amount in the financing transaction. This results in an increase to debt service in 2007 and a transfer in from the project fund for the capitalized interest. The future debt payments will be paid by increased economic activity in retail and other improvements associated with the site.</p>
Fund Balance	<p>The General Government budget proposes to use fund balance in two ways that are significant. First, an amount of \$401,069 is proposed to be appropriated in the General Fund for specific one-time expenditures. The one-time expenditures include funding significant replacements of equipment in the Fire Department (\$300,000) and numerous smaller items associated with the additions to programs described above.</p>
General Fund	
Debt Service	<p>Secondly, a transfer of fund balance in the amount of \$1,500,000 from the debt service fund to the Capital Improvements Fund (Fund 316) is proposed. This will provide funds that are not needed for debt service to be invested in capital improvements and major maintenance of City facilities.</p>
Forecasted Fund Balance	<p>The resulting General Government fund balance is estimated to be \$9.1 million as a result of this budget. This represents 11% of expenditures and is \$1 million over our revised policy target of 10%. This anticipates 1% under-budget expenditure and 1% over-budget in revenues results from 2006. We fully expect the actual fund balance to be higher than this as a result of better than budget results from 2006.</p>
	<p>This is the end of the General Government Funds</p>

Special Revenue Funds

Arterial Streets
Fund (102)

There are no significant changes to the Arterial Streets Fund.

Leased Facility
Fund (108)

There are no significant changes to the Leased Facility Fund. As a reminder, we now include the Downtown Parking Garage in this fund.

Hotel-Motel
Tax Fund (110)

Increased revenue budget in recent years enabled us to adjust the forecast in 2007. The amount available for tourism promotion will benefit from this change.

1% for Arts
Fund (125)

There are no significant changes to the 1% for Arts Fund.

Cable TV Fund
(127)

There are no significant changes to the Cable TV Fund.

Park Memorial
Fund (131)

The Park Memorial Fund will contribute to the development of the trail system with money available in the fund.

Debt Service Funds

Fund 219

The only debt service fund that is not a part of General Government (described above) is the Senior Housing Voter Approved Bonds. These bonds will be completely paid off in 2009. This will permit 2008 to be the last year in which taxes are levied to pay this debt service.

Capital Funds

Mitigation
Funds (303-305)

There are no significant changes to the Community Development, Fire or Transportation mitigation funds. Money from these funds will be used in 2007 to finance related projects as described in the Capital Improvements Plan.

Capital
Improvements
Fund (316)

The Capital Improvements Fund is the account that implements the current year of the Capital Improvements Plan (CIP) for municipal facilities. Please refer to the CIP for a list of the projects planned for 2007 and the use of City resources to finance those projects. The year 2007 will see about twice the usual investment in capital facilities and major maintenance than exists in a typical year.

Transportation
Improvements
Fund (317)

The Transportation Improvements Fund is the account that implements the transportation element of the CIP. Two thousand seven (2007) will be the largest year of transportation projects for the City ever, by a large margin. Again, details of the projects and use of City resources for these projects can be found in the CIP section of this budget.

South Lake Washington Infrastructure Fund (318)	<p>The South Lake Washington Infrastructure Fund accounts for the transportation and other improvements associated with “The Landing” project. This mixed use project will house 900 residential units, about 600,000 square feet of retail, restaurants, a multiplex cinema and numerous other amenities. This fund was created in 2006 and will run the length of the project, likely through 2008. The fund will transfer \$784,580 to provide for debt service during construction.</p>
Enterprise Funds	<p>The City operates several enterprise type (or business type) accounts. These include the Water; Wastewater and Surface Water utilities; a solid waste utility; the golf course; and the airport.</p>
Utility Funds	<p>The water, wastewater and surface water utility funds are accounted for and budgeted for separately, but are managed as a system in accordance with the City’s Financial Management Policies. The system initiated a comprehensive rate review with the assistance of outside consultants with expertise in this area. Their preliminary efforts were incorporated into the revenue and rate recommendations of the 2007 budget. A combination of many years with little or no rate increases combined with using debt to finance our capital investments has resulted in the need to adjust rates now. The rates are recommended to be adjusted as follows:</p>
Rates	<p>Water – \$ 1.28 per month (5%) WasteWater – \$.70 per month (5%) Surface Water - \$.17 per month (3%)</p>
Staff Needs 2 FTEs	<p>It is anticipated that these rate changes will maintain the viability of the utility funds, and the significant maintenance program that each requires, to provide reliable and consistent service.</p> <p>The proposed rates include the resources needed for the staff recommendations that are one employee each for the water and surface water utility. These staff will help to address the level of service issues described earlier.</p>
Solid Waste Utility .5 FTE	<p>The City provides garbage service through its solid waste fund. This service is provided through a contract negotiated by the City. No significant changes are anticipated in the Solid Waste Fund. No change to the rates is being proposed. The current budget will support the addition of a part-time employee and the continuation of the “Clean Sweep Renton” program.</p>
Golf Fund	<p>The Golf Course periodically updates its fees to keep pace with the market and rising costs. The year 2007 will see a recommended increase in golf fees. No other significant changes are proposed for the golf course fund.</p>
Airport Fund	<p>The Airport continues to invest in capital improvements implementing the master plan and improving the facilities. It will continue to update contracts for leases and other business relationships.</p>

Internal Service Funds

The City operates several “businesses” that provide service internally to other City departments. These include the motor pool (Equipment Replacement), the Risk Management fund, the employee health insurance fund, the retiree health insurance fund and the Information Services Fund.

**Equipment
Rental**

The Equipment Rental Fund will see a significant increase in its budget for 2007. This results from two things.

Replacement
Account

First, the amount of equipment due to be replaced in 2007 is about double the typical amount, approaching \$2.4 million. This includes a pumper truck and an aid unit in the Fire Department and an aerial bucket truck for Public Works. The aid unit and the bucket truck are being considered for replacement by hybrid vehicles.

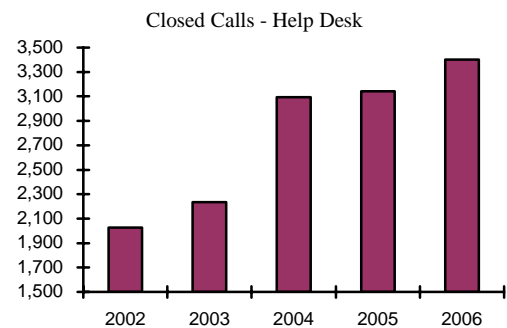
Reserve
Account

Secondly, we continue to work the replacement of all the large fire apparatus into the replacement account. The result is an increase in the amount assessed to the fire department to provide the funds for future replacement.

**Information
Services**
1 FTE

The Information Services Fund was created in 2006 to allocate the costs of the City’s centralized IS program. This fund provides for the technology, telecommunications and print / mail room needs of the City.

IS Capital



The budget contains the typical level of funding for investing in technology to leverage the efforts of City staff (\$1.3 million). It is important to note that the City previously funded capital investments in CIP. This is now funded from operating budgets.

Help Desk
1 FTE

The ubiquitous nature of technology results in increasing “help desk” activity. The chart to the right illustrates this trend. In response, an additional full time staff person will be added to the one existing full-time employee and two interns.

Risk
Management

The City’s Risk Management program consists of three funds, the Property & Liability Insurance Fund (502), the Employee Health Insurance Fund (512), and the Retiree Medical Fund (522). No significant changes are proposed for these funds. The budget provides for sufficient resources to meet the anticipated needs of the City’s insurance programs.

Capital Improvements

General Government CIP

Accounting and budgeting for the General Government Capital Improvement Plan is typically in Fund 316.

- Sam Chastian Waterfront Trail: \$500,000 in 2007, \$4.5 total. We anticipate leveraging every dollar we spend with approximately \$10 dollars of state and Federal grants.
- Aquatic Center: \$120,000 in 2007. on-going major maintenance activity.
- Grant Match: \$200,000 in 2007. on-going match of \$100,000 per year.
- Parks Maintenance Facility: \$96,000 in 2007. Adding \$2 million to fund reserve for a total of \$6.2 million in reserve.
- Parks Long Range Plan: \$60,000 in 2007.
- Springbrook Creek Wetland Mitigation Bank Trail - \$240,000 in 2007 city funds. \$1.36 million from other sources.
- Operational Facilities Major Maintenance: \$514,000. Major maintenance to fire stations, City Shops, fall restraint systems, and expand the police substation at parking garage.
- Leased Facilities: \$225,000 architectural and engineering review of 200 Mill Building curtain wall and museum master plan.
- Public Facilities Major maintenance: \$1,341,000. Includes improvements for Carco Theater security, regular maintenance at city hall, resealing the brick exterior at Renton Community Center, chairs and tables at the Senior Center, railing and other work at the Main Library, public restroom renovations, and annual maintenance at Coulon Park.
- Parks Major Maintenance: \$430,000. Includes repairs to log booms and moorage at Coulon Park, Maplewood Park picnic shelter, irrigation automation, Phase II improvements at Burnett Park, and lights at Liberty Park Skate Park.
- Other CIP projects: Equipment at Tiffany Park - \$15,000, Irrigation systems renovation - \$ 100,000

Airport CIP

- Precision Approach: \$150,000. Improvements to make the airport available during all-weather conditions.
- 820 Building Demolition: \$250,000. The Boeing Company's former avionics building was returned to the city in 2003 and needs to be demolished.
- Airport Entrance rehabilitation: \$350,000 in 2007. Completion of the South and North entrances to the airfield.

<p>Transportation CIP</p>	<ul style="list-style-type: none"> - Other Airport projects total \$750,000 including hanger rehabilitation, resurfacing and facility major maintenance. - Duvall Avenue NE: \$3,675,000. This project includes widening the roadway to 5 lanes, including curbs, sidewalks, and storm drainage. - Hardie Avenue SW Transit/Multi Modal: \$4,228,000. This project adds business access transit (BAT) lanes in both directions, rebuilds the Hardie railroad bridge, and does other improvements. - South Lake Washington Roadway improvements: \$12,354,000. This project constructs the roadway improvements to support future redevelopment plans. - Strander Blvd./SW 27th Street Connection: \$6,222,000. This project provides a critical 4-5 lane arterial that will serve as a connector to the West Valley Highway in Tukwila. - Rainer Avenue improvements: \$3,849,000 - Other roadway development projects totaling \$4,697,000 - Roadway major maintenance: \$915,000. Includes \$485,000 for roadway overlay projects.
<p>Utilities CIP</p>	<ul style="list-style-type: none"> - New Reservoir: \$3,380,000. Construct the new Hazen 565 Zone reservoir. - Treatment facility for Well 5A: \$810,000. Begin design and construction of a water treatment facility for well 5A in Kenndale. - Intertie connections and Oversizing Main extensions: \$90,000 - Water Main rehabilitation: \$1,400,000. Systematic replacement of old, corroded, leaking cast-iron, steel and asbestos-cement, and undersized water mains throughout the city. - Relocation of existing Water mains: \$520,000. Installation of a new water line to accommodate I-405 improvements. - Emergency Power facilities: \$2,410,000. Continues design and construction of emergency power facilities to M. Olivet, Wells 1,2,3 and Nth Talbot pump stations. - Sanitary Sewer Main extensions: \$900,000. Extends the sewer interceptor to provide direct service to both the east and west portions of the Central Plateau basin. - Sewer Main Replacement and Rehabilitation: \$725,000. Replace sewer mains on Renton Hill, the Central Business District and the Earlington neighborhood, as needed. - Lift Station Replacement and Rehabilitation: \$900,000. Replace and rehabilitate lift stations as needed. We anticipate replacement of the Summerwind/Stongate station due to capacity demands.

**Information
Services
CIP**

- Springbrook Creek Improvements: \$1,300,000. Replace and enlarge the SW 34th Street culvert.
- Small Drainage & Emergency Storm projects: \$275,000. Complete the construction of drainage improvement to NE 22nd/Dayton Ave NE and Camas Avenue NE.

Information Services Division capital projects including applications (\$533,000), networking (\$225,300), operations (\$213,500) and computer replacement (\$185,000) for a total of \$1,317,000.

Information Services Capital projects are accounted for within Fund 503.